



June 21, 2010

The Honorable Michael T. McRaith  
Director of Insurance  
Illinois Department of Insurance  
320 W. Washington Street  
Property and Casualty Division  
Rates Review Section  
Springfield, IL 62767

RE: **Darwin National Assurance Company**  
**NAIC #: 16624 FEIN #: 56-0997452**  
*RATE/RULE* **Psychiatrists Professional and General Liability Program**  
**Submission of Updated Rates**  
**Effective Date: Upon Approval/or Acknowledgement**  
**Filing Number: 2010-7010-R**

Dear Director McRaith:

Enclosed please find attached the Company's updated rates filing for its Psychiatrists Professional and General Liability Program. A letter permitting Westmont Associates, Inc. to submit this filing on the Company's behalf is enclosed.

The Company writes this program through its administrator, the American Professional Agency, Inc. (APA Inc.), which manages the registered risk purchasing group in your jurisdiction, Professional Counselors Purchasing Group, Inc. The administrator has recently garnered the sponsorship of the American Psychiatric Association (APA). The changes the Company is proposing are meant to enhance and more closely align its program to its competitor whose program administrator previously had the endorsement of the APA. Please refer to the attached materials for additional information.

The forms to be used in coordination with the enclosed rates have been filed under separate cover letter as Company filing number 2010-7010-F.

Your approval and/or acknowledgement of this submission is respectfully requested. If you have any questions regarding this submission, please let me know. Thank you for your attention to this matter.

Respectfully Submitted,

**Wesley Pohler**

Wesley Pohler  
Assistant Vice-President  
wes@westmontlaw.com

Enclosures

cc: N. Stepanski - Westmont  
M. Mourad - DNAC

**RECEIVED**

JUN 22 2010

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD

**FILED**

NOV 04 2010

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

HO  
MEM  
RUL  
Jen

# ILLINOIS DEPARTMENT OF INSURANCE

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 7/1/10

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability Private		
Passenger Commercial		
2. Automobile Physical Damage		
Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Medical Malpractice</u>	<u>3,234,808</u>	<u>- 0.6%</u>
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: No, see attached letter.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): The Company  
is filing updated rates for its Psychiatrists Program.

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

Darwin National Assurance Company

Name of Company

John Wilkens, AVP

Official - Title

# RECEIVED

JUN 22 2010

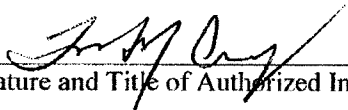

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD

## ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Timothy Curry, a duly authorized officer of Darwin National Assurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Ilene Burke, a duly authorized actuary of Darwin National Assurance Company am authorized to certify on behalf of Darwin National Assurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

	Secretary	<u>9/7/2010</u>
Signature and Title of Authorized Insurance Company Officer		Date
	AVP/Actuary	<u>9/9/2010</u>
Signature, Title and Designation of Authorized Actuary		Date

Insurance Company FEIN 56-0997452 Filing Number 2010-7010-R

Insurer's Address 9 Farm Springs Road

City Farmington State CT Zip Code 06109

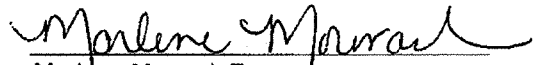
Contact Person's:

-Name and E-mail Marlene Mourad marlene.mourad@awac.com

-Direct Telephone and Fax Number tel: 860-284-1478; fax: 860-284-1479

Officer Statement


I, Marlene Mourad, certify that our company's rates are based on sound actuarial principles and are not inconsistent with our company's experience.

A handwritten signature in cursive script, reading "Marlene Mourad".

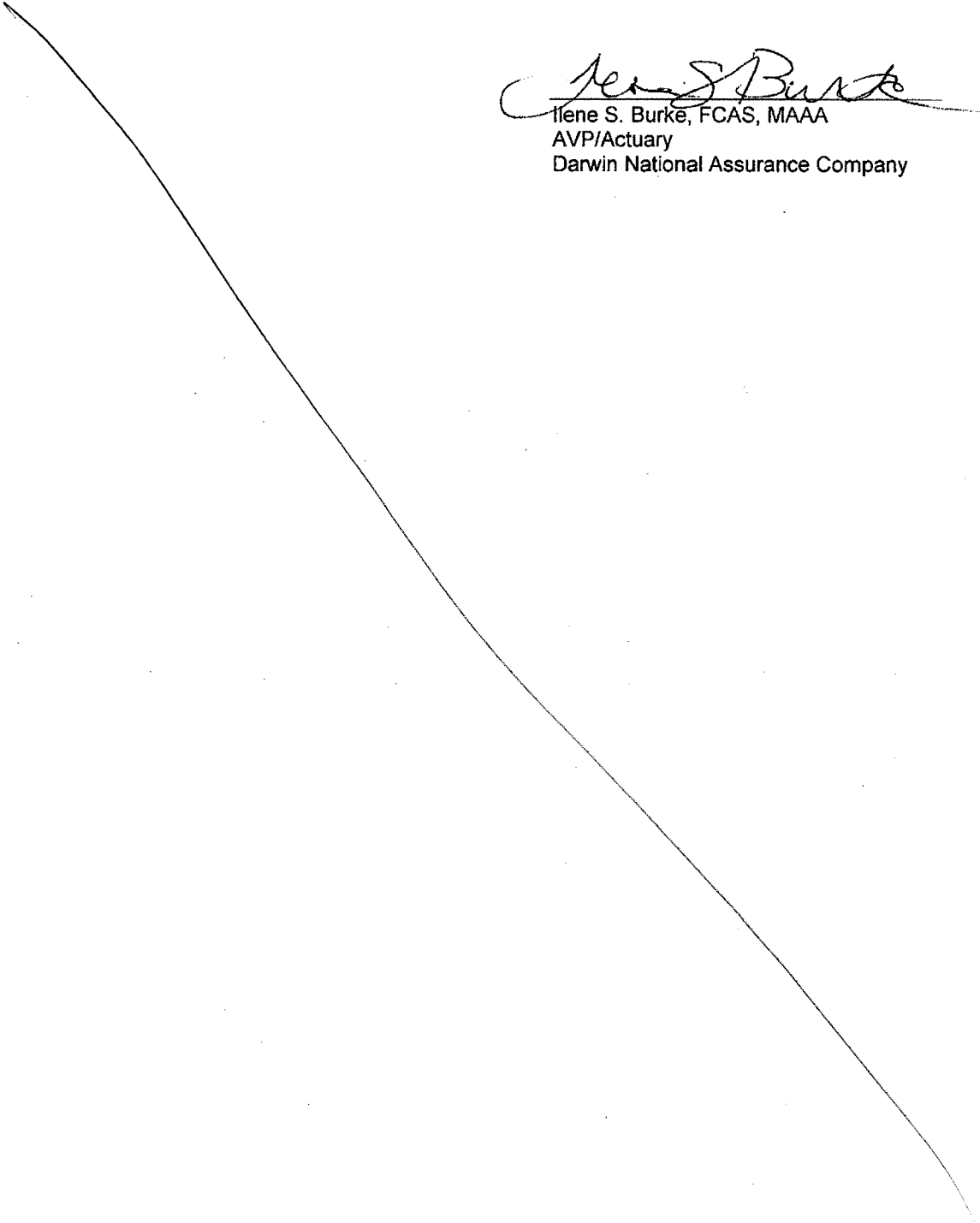
Marlene Mourad, Esq.  
Assistant Vice President, Compliance  
Darwin National Assurance Company

Actuarial Statement

I, Ilene Burke, certify that our company's rates are based on sound actuarial principles and are not inconsistent with our company's experience.



Ilene S. Burke, FCAS, MAAA  
AVP/Actuary  
Darwin National Assurance Company



## Neuman, Gayle

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**From:** Jennifer Waldron [JenB@westmontlaw.com]  
**Sent:** Thursday, November 04, 2010 10:31 AM  
**To:** Neuman, Gayle  
**Cc:** Wes Pohler  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Dear Ms. Neuman:

Please note that the Company has not put the filing into effect and would like to request 11/4/10 as the effective date for this filing. Feel free to contact me if you require any additional information.

Thank You,  
**Jennifer Waldron**  
Westmont Associates, Inc.  
(856) 216-0220  
(856) 216-0303 (Fax)

---

**From:** Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]  
**Sent:** Wednesday, November 03, 2010 2:44 PM  
**To:** Wes Pohler  
**Subject:** Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Mr. Pohler,

The Department of Insurance has now completed its review of the filing referenced above. Previously, Darwin National Assurance Company requested the filing be effective July 1, 2010. Was the filing put in effect on July 1, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

**Gayle Neuman**  
Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: [GAYLE.NEUMAN@ILLINOIS.GOV](mailto:GAYLE.NEUMAN@ILLINOIS.GOV).

The information contained in this e-mail communication and any attached documentation may be privileged or confidential. If you received this transmission in error, please notify the sender by reply e-mail and delete the message and any attachments. Receipt by anyone other than the intended recipient is not a waiver of any work-product privilege.

Nothing contained in this e-mail shall be considered a legally binding agreement, amendment or modification of any agreement. Although this e-mail and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that

it is virus free and no responsibility is accepted by Allied World Assurance Company Holdings, Ltd or its subsidiaries for any loss or damage arising in any way from its use.

**Neuman, Gayle**

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**From:** Wes Pohler [Wes@westmontlaw.com]  
**Sent:** Wednesday, November 03, 2010 1:45 PM  
**To:** Neuman, Gayle  
**Subject:** Out of Office: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

I am currently out of the office on vacation, returning on Monday, November 8th. I will not have access to e-mail or voice-mail. For any urgent matters, please contact Jen Waldron ([jenb@westmontlaw.com](mailto:jenb@westmontlaw.com)), Sherri Penn ([sherri@westmontlaw.com](mailto:sherri@westmontlaw.com)), or Meghan Slenkamp ([meghans@westmontlaw.com](mailto:meghans@westmontlaw.com)). Thank you and have a great day!



## **Mamoottile, Neetha**

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**From:** Wes Pohler [Wes@westmontlaw.com]  
**Sent:** Thursday, September 09, 2010 9:48 AM  
**To:** Mamoottile, Neetha  
**Cc:** Jennifer Waldron; Sherri Penn; Meghan Slenkamp; 'Mourad, Marlene F'  
**Subject:** RE: ILDOI-Darwin National Assurance Company - Rate Filing # 2010-7010-R  
**Attachments:** IL CERT (from state) SIGNED.PDF  
  
**Categories:** Darwin National Assurance Company

Thank you Neetha for your e-mail.

Attached is the certification you requested. Please let me know if you have any additional questions.

Thanks,

Wes

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**From:** Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]  
**Sent:** Thursday, September 09, 2010 9:21 AM  
**To:** Wes Pohler  
**Subject:** FW: ILDOI-Darwin National Assurance Company - Rate Filing # 2010-7010-R

Mr. Pohler,

Please provide me with an update on your status thus far.

Thank You,  
Neetha Mamoottile

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**From:** Mamoottile, Neetha  
**Sent:** Wednesday, September 01, 2010 3:03 PM  
**To:** 'wes@westmontlaw.com'  
**Subject:** ILDOI-Darwin National Assurance Company - Rate Filing # 2010-7010-R

Mr. Pohler,

According to Section 155.18(c)(3) of Illinois Insurance Code (215 ILCS 5/155.18(c)(3)), medical malpractice rate filings "shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience."

Pursuant to Section 155.04(2) of the Illinois Insurance Code (215 ILCS 155.04(2)), all companies licensed to transact insurance business in Illinois must notify the Director within 30 days of the appointment or election of any new officers or directors. Section 915.40 of the Illinois Administrative Code (50 Ill. Adm. Code 915.40) further stipulates biographical affidavits of newly elected or appointed officers must be filed within 30 days after the person's election or appointment.

Ms. Marlene Mourad, signed the certification accompanying the subject filing as Assistant Vice President of Darwin National Assurance Company. However, we have yet to find evidence that Ms. Mourad is an authorized officer for Darwin National Assurance Company. Upon search of our records, we find that, no biographical affidavit has been filed

with the Department of Insurance for Mrs. Mourad. The subject filing is considered incomplete until a certification form with the appropriate company officer signature is submitted or until proper biographical affidavit documentation is filed.

Also, we request that you use the suggested certification form available at the following website:  
[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/statutes/MedMalCertificationForm.pdf](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/statutes/MedMalCertificationForm.pdf)  
to fulfill this requirement.

Please respond by September 9<sup>th</sup>, 2010.

Thank You,  
Neetha Mamoottile

Neetha M. Mamoottile  
Actuarial Assistant  
Illinois Department of Insurance  
[Neetha.Mamoottile@illinois.gov](mailto:Neetha.Mamoottile@illinois.gov)  
217-557-1397

Darwin National Assurance Company  
Psychiatrist Professional and General Business Liability

Exhibit 3

Extended Reporting Period  
Illinois

The portion of the Extended Reporting Rule, dealing with eligibility for free coverage, is changed as follows (strikethroughs are deletions, underlines are additions):

Extended reporting period coverage will be granted upon request for no additional premium in the event of:

- A. The death of the named insured while his/her policy is in force
- B. The total and permanent disability of the named insured when the disability commences while the policy is in force.
- C. Retirement of the named insured if they have permanently retired from the practice of medicine, is at least 55 years of age, and has been continuously insured with the Company for at least 5 years. ~~However for those accounts that are existing client of American Professional Agency as of September 30, 2004 the requirement to have been continuously insured with the Company will be waived provided that either the named insured has been continuously insured with a claims made policy through American Professional Agency for at least 5 years or has been insured by the Company for at least 2 consecutive years. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.~~
- D. An account continuously insured with the Company for at least 10 years and with no prior claims during that period. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.



February 24, 2010

RE: Darwin National Assurance Company  
NAIC#: 16624  
FEIN#: 56-0997452  
Letter of Authorization  
Filing of Forms, Rates and Rules

In accordance with the applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler, Jennifer Waldron and Westmont Associates, Inc. are hereby authorized to file form, rate and rule filings on behalf of the Company.

Sincerely,

John Wilkens, CPCU  
AVP - Senior Regulatory & Compliance Specialist  
Darwin National Assurance Company  
199 Water Street, 24th Floor  
New York, New York 10038  
(646) 794-0580  
(646) 794-0610 (Fax)  
[john.wilkens@awac.com](mailto:john.wilkens@awac.com)



Darwin National Assurance Company  
is a subsidiary of Allied World Assurance  
Company Holdings, Ltd

199 Water Street  
24th Floor  
New York NY 10038 U.S.A.

T 646 794 0500  
F 646 794 0611

E [info@darwinpro.com](mailto:info@darwinpro.com)  
[www.darwinpro.com](http://www.darwinpro.com)

**Darwin National Assurance Company**  
**Psychiatrists Professional and General Business Liability**

**Explanatory Memorandum**

Darwin National Assurance Company ("Darwin") proposes several changes to its Psychiatrists Professional and General Business Liability program rates in the state of Illinois. The overall impact of the changes listed below is - 0.6%.

We write this program through our administrator, the American Professional Agency, Inc. (APA Inc.). They have recently garnered the sponsorship of the American Psychiatric Association (APA). The changes we are proposing are meant to enhance and more closely align our program to that of the National Union Fire Insurance Company of Pittsburgh, PA. (AIG), the company whose program administrator previously had the endorsement of the APA.

**Proposed Revisions To Claims Made Step Factors**

We propose reductions of 30% for the first year and 13.3% for the 2nd year claims made factors, with an overall impact of -0.6%. The revised set of factors match those of AIG. See Exhibit 1 for details.

**Proposed Additional Rating Elements** (These have no impact to our current insureds.)

- 1) Occurrence factor: In conjunction with our introduction of an occurrence form, we propose a factor for this form of 1.11 off of the fully mature claims-made rate. This matches the differential between AIG's fully mature claims-made base rate and their occurrence base rate.
- 2) Limit options: For the limits we currently offer, our increased limit factors match AIG's. We propose to expand our limit offerings at the same factor levels as AIG. See Exhibit 2, Section A, for details.
- 3) Defense costs related to licensing board investigation: We propose to add a 50,000 limit to the options for increasing this coverage above the base. The rate of \$110 was estimated judgmentally based on the charges at the lower limits. See Exhibit 2, Section B, for details.
- 4) Neurology practice charges: In conjunction with the introduction of this optional coverage, we propose charges equivalent to those used by AIG. Please see Exhibit 2, Section C, for details.
- 5) Member in Training (MIT) credit: We propose a 50% credit for an insured who has been classified as an MIT by the APA. This is the same credit that is offered by AIG.
- 6) New business credit: We propose a 10% credit for a policyholder applying to Darwin for the first time that has been claim free for the past twelve months. This is similar to the new business credit used in the Darwin Psychologist Program.
- 7) Practice setting schedule rating factor: We propose to expand the range of this factor from a 0% to 25% debit to a 10% credit to a 25% debit.

**Other Rule Changes** (These have no impact to our current insureds.)

- 1) Tail Coverage: We propose revisions to the eligibility for free Extended Reporting Period coverage. Please see Exhibit 3 for the exact mark-up of the rule.
- 2) Child Credit: We propose to delete the requirement of membership in the American Academy of Child and Adolescent Psychiatry in order to be eligible for the child and adolescent credit. The other criteria of having a patient base that is less than 50% adult psychiatry will remain in place.
- 3) Credit Combinations: We propose to add the restriction that only one of the part-time, prep, or MIT discounts can apply to each insured.

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability**

Exhibit 1

**Claims-Made Step Factors**  
**Illinois**

<b>C-M Year</b>	<b>Current Factor</b>	<b>Proposed Factor</b>	<b>% Change</b>
1	0.5	0.35	-30.0%
2	0.75	0.65	-13.3%
3	0.85	0.85	0.0%
4	0.95	0.95	0.0%
5+	1	1	0.0%
Overall Impact:			-0.6%

\* Impact assumes C-M year distribution of prospective  
period's book is same as distribution of current book

Darwin National Assurance Company  
Psychiatrist Professional and General Business Liability

Exhibit 2

Additional Rating Elements  
Illinois

Section

**A Limits Options**

<u>Limit</u>	<u>Current ILF</u>	<u>Proposed ILF = AIG, re-based to 1M/3M</u>
100K/300K	(new limit)	0.670
200K/600K	(new limit)	0.750
250K/750K	(new limit)	0.770
300K/900K	(new limit)	0.800
400K/1.2M	(new limit)	0.850
500K/1.5M	0.950	no change
1M/1M	0.970	no change
1M/3M	1.000	no change
2M/4M	1.250	no change
2M/6M	(new limit)	1.280

**B Defense Costs Related to Licensing Board Investigations Options**

<u>Additional Limit</u>	<u>Current Premium</u>	<u>Proposed Premium</u>
10,000	\$75	no change
25,000	\$95	no change
50,000	(new limit)	\$110

**C Neurology Practice Charges**

	<u>Proposed Premium - AIG</u>
Without special procedures	2 X Psychiatrist Base Premium
With special procedures	4 X Psychiatrist Base Premium

## Neuman, Gayle

---

**From:** Wes Pohler [Wes@westmontlaw.com]  
**Sent:** Thursday, July 08, 2010 10:22 AM  
**To:** Neuman, Gayle  
**Cc:** Colonna, Karen; 'Mourad, Marlene F'; Burke, Ilene; Jennifer Waldron; Sherri Penn; Meghan Slenkamp; Nancy Stepanski; Scott Riley  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R  
**Attachments:** ActuarialStatement.pdf; Psychiatrist Rating Plan\_05-2010\_IL.PDF

Thank you Gayle for your help with this submission.

We are in receipt of your questions dated July 1 regarding the Company's Psychiatrists rate revision submission. We hereby reply to your questions in the order stated in your letter:

1. Please be advised that the Company reports its Professional Liability statistics to ISS.
2. Per your state's requirements, please refer to the attached signed Actuarial Statement.
3. With regard to the Company's premium installment plan options, please refer to the page #3 of the attached final Illinois rating plan.
4. Please refer to the attached final copy of the Illinois rating manual.

If you have any additional questions or concerns, please let us know.

Thanks,

Wes

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, July 01, 2010 3:34 PM  
**To:** Wes Pohler  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

That is fine.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

---

**From:** Wes Pohler [mailto:Wes@westmontlaw.com]  
**Sent:** Thursday, July 01, 2010 2:32 PM  
**To:** Neuman, Gayle  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Thank you Gayle – may I reply via e-mail?

Wes

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, July 01, 2010 3:23 PM  
**To:** Wes Pohler  
**Subject:** Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R



Mr. Pohler,

I am in receipt of the above referenced filing submitted with your cover letter dated June 21, 2010.

Please address the following issues/questions:

1. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?
2. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. This information is required in every rate/rule filing for medical malpractice.
3. All companies writing medical liability insurance shall file with the Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.
  - An initial payment of no more than 40% of the estimated total premium due at policy inception;
  - Remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception,
  - No interest charges;
  - Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
  - A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.
4. Pursuant to 50 Ill. Adm. Code 754.10, identification of all changes in all superseding filings, as well as identification of all superseded filings is required. You should also provide a copy of the entire manual for psychiatrists – including a final print of the page listed as Exhibit 3 in the submission.

I request receipt of your response by July 9, 2010.

**Gayle Neuman**

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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## Neuman, Gayle

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**From:** Neuman, Gayle  
**Sent:** Friday, August 20, 2010 9:17 AM  
**To:** 'Meghan Slenkamp'  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Meghan,

This will be the last extension allowed.

*Gayle Neuman*

Illinois Department of Insurance  
(217)524-6497

**From:** Meghan Slenkamp [mailto:meghans@westmontlaw.com]  
**Sent:** Friday, August 20, 2010 9:14 AM  
**To:** Neuman, Gayle  
**Cc:** Wes Pohler  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Gayle:

Please let me know if a one week extension to respond to your below concerns may be granted. We have had several contacts out on vacation, but would be able to provide a response to you by 8/27/10.

Thank you.

Meghan

Meghan Slenkamp  
Westmont Associates, Inc.  
25 Chestnut St., Suite 105  
Haddonfield, NJ 08033  
(856) 216-0220 - Phone  
(856) 216-0303 - Fax



Please consider the environment before printing this email

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, August 17, 2010 2:49 PM  
**To:** Wes Pohler  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

I request receipt of your response by August 20, 2010.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

**From:** Neuman, Gayle  
**Sent:** Thursday, July 22, 2010 9:10 AM  
**To:** 'Wes Pohler'  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

I previously indicated the identification of all changes is required. There was no response to this – there was only a response to the exhibit 3 issue.

Your prompt attention is appreciated.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

**From:** Neuman, Gayle  
**Sent:** Thursday, July 22, 2010 8:38 AM  
**To:** 'Wes Pohler'  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

Did you mean ISS or ISO in regard to the reporting of statistics? Please advise.

215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. I still need the certification from the company officer.

Your prompt attention is appreciated.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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## Neuman, Gayle

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**From:** Wes Pohler [Wes@westmontlaw.com]  
**Sent:** Tuesday, August 24, 2010 12:38 PM  
**To:** Neuman, Gayle  
**Cc:** Mourad, Marlene F; 'Burke, Ilene'  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R  
**Attachments:** Exhibit 3 Clean IL.DOCX; Psychiatrist Rating Plan\_05-2010\_IL\_MarkUp.pdf; Psychiatrist Rating Plan\_05-2010\_IL.pdf

Thank you Gayle for your help.

As per our conversation today, we believe that the certification question has been rectified.

Per our e-mails and conversations, please see the following information:

- "Clean" version of Exhibit 3 with changes accepted
- Mark up version of the Psychiatrists Rating Plan which shows all revisions
- Final version of the Psychiatrists Rating Plan
- ISS is the Independent Statistical Service, Inc. – this service is used by the Company for stat reporting

Please let me know if you have any additional questions.

Thanks,

Wes

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, August 24, 2010 10:22 AM  
**To:** Wes Pohler  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

Is Ms. Mourad also an actuary? We require the certification also be provided by an actuary and the statement she provided does not reflect that she is also an actuary.

As indicated in my July 1, 2010 email, pursuant to 50 Ill. Adm. Code 754.10, identification of all changes in all superseding filings, as well as identification of all superseded filings is required. You should also provide a copy of the entire manual for psychiatrists – including a final print of the page listed as Exhibit 3 in the submission.

Additionally, please disclose who ISS is.

Your response is due no later than August 27, 2010. An extension was already granted.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

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**From:** Wes Pohler [mailto:Wes@westmontlaw.com]  
**Sent:** Friday, August 20, 2010 2:53 PM

**To:** Neuman, Gayle  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Thank you Gayle. My apologies for the delay.

Attached is the Illinois Officer Statement you requested.

We hereby confirm that ISS is the statistical agent.

I am currently out of the office – if you need anything else, please let me know and I will do my best to reply Monday.

Best regards,

Wes

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, August 17, 2010 2:49 PM  
**To:** Wes Pohler  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

I request receipt of your response by August 20, 2010.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

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**From:** Neuman, Gayle  
**Sent:** Thursday, July 22, 2010 9:10 AM  
**To:** 'Wes Pohler'  
**Subject:** FW: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

I previously indicated the identification of all changes is required. There was no response to this – there was only a response to the exhibit 3 issue.

Your prompt attention is appreciated.

**Gayle Neuman**  
Illinois Department of Insurance  
(217)524-6497

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**From:** Neuman, Gayle  
**Sent:** Thursday, July 22, 2010 8:38 AM  
**To:** 'Wes Pohler'  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

Did you mean ISS or ISO in regard to the reporting of statistics? Please advise.

215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. I still need the certification from the company officer.

Your prompt attention is appreciated.

**Gayle Neuman**

Illinois Department of Insurance  
(217)524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: [GAYLE.NEUMAN@ILLINOIS.GOV](mailto:GAYLE.NEUMAN@ILLINOIS.GOV).

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability**  
**Extended Reporting Period**  
**Exhibit 3**  
**Illinois (Clean Copy)**

The portion of the Extended Reporting Rule, dealing with eligibility for free coverage, is changed as follows:

Extended reporting period coverage will be granted upon request for no additional premium in the event of:

- A.** The death of the named insured while his/her policy is in force.
- B.** The total and permanent disability of the named insured when the disability commences while the policy is in force.
- C.** Retirement of the named insured if they have permanently retired from the practice of medicine, is at least 55 years of age, and has been continuously insured with the Company for at least 5 years. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.
- D.** An account continuously insured with the Company for at least 10 years and with no prior claims during that period. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.

**Darwin National Assurance Company**  
**Psychiatrist Professional and Office General Business Liability Insurance**

## **General Rating Rules**

This rating plan contains the rules, rates and rating procedures for the Psychiatrist Professional and Office General Business Liability program.

### **1. Eligibility**

Eligibility for our Psychiatrist Professional Liability program requires an MD with training in the field of psychiatry as well as full licensure in psychiatry in the state(s) in which you are practicing.

### **2. Rates**

All rates in this rating plan are annual rates unless otherwise noted, and shall be pro rata for a policy term if other than annual. All factors or modifiers are multiplicative unless otherwise noted. Refer to Addendum A for base rates and territorial definitions for this state.

Compute the premium using the rates in effect on the policy effective date.

### **3. Rounding Procedures**

Round the final premium to the nearest dollar. Round a premium involving \$0.50 or more to the next higher whole dollar. Thus, \$10,000.50 = 10,001.00; \$10,000.49 = \$10,000.00

### **4. Additional Premium Changes**

- A. Apply the rates and rules in effect on the effective date of the change.
- B. Compute additional premium pro rata when any coverage or exposure is added or an amount of insurance is increased.

### **5. Return Premium Changes**

- A. Apply the rates and rules in effect on the effective date of the change.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is decreased.

### **6. Policy Cancellation**

- a) Compute return premiums as the pro rata unearned premium when:
  - 1) A policy is cancelled by the Company;
  - 2) The insured company no longer has a financial or insurable interest;or,



**Darwin National Assurance Company**  
**Psychiatrist Professional and Office General Business Liability Insurance**

- 3) A policy is cancelled and rewritten.
- b) If the above rule does not apply, compute return premium at 0.90 of the pro rata unearned premium.

**7. Extended Reporting Period**

Extended reporting period coverage will be granted upon request for an additional premium calculated by multiplying the following percentages by the premium for the last expiring policy.

# of Years of Extended Reporting	Charge
Unlimited	200%

Extended reporting period coverage will be granted upon request for no additional premium in the event of:

- A. The death of the named insured while his/her policy is in force
- B. The total and permanent disability of the named insured when the disability commences while the policy is in force.
- C. Retirement of the named insured if they have permanently retired from the practice of medicine, is at least 55 years of age, and has been continuously insured with the Company for at least 5 years. ~~However for those accounts that are existing clients of American Professional Agency as of September 30, 2004 the requirement to have been continuously insured with the Company will be waived provided that either the named insured has been continuously insured with a claims made policy through American Professional Agency for at least 5 years or has been insured by the Company for at least 2 consecutive years.~~

However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.

- D. An account continuously insured with the Company for at least 10 years and with no prior claims during that period. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.

**Darwin National Assurance Company**  
**Psychiatrist Professional and Office General Business Liability Insurance**

**8. Locum Tenens**

A Locum Tenens ("holds the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. Coverage for Locum Tenens is provided for a maximum total of 45 days each policy year at no additional premium.

**9. Suspension of Insurance**

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

The charge during the suspension period is 50% of the claims made rate. If the Named Insured does not return to practice after the period of suspension, the Company will date the cancellation and calculate the premium for the Extended Reporting Period Endorsement effective from the beginning of the period of suspension.

**10. Quarterly Payments**

Quarterly payments are available for annual premium that is at least \$4000 \$500. The first payment is 35% of the total, with 3 equal remaining quarterly payments, due no earlier than 3, 6, and 9 months from policy inception.

An additional service charge of 1% of the total premium or \$5.00 for each of the 3 remaining quarterly payments, whichever is less, is billed.

Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**Darwin National Assurance Company**  
**Psychiatrist Professional and ~~Office~~General Business Liability Insurance**

## Rating Formula and Factors

### A. INDIVIDUALS

The premium for an individual psychiatrist is rated in accordance with the following plan.

Psychiatrist Professional and ~~Office~~General Business Liability coverage is rated in accordance with the following formula:

$$AP = \{ BP \times OF \times ILF \times CMSF \times DF \times SRF \} + DCP, \text{ where:}$$

AP	= Annual Premium for Healthcare Organizations
BP	= Base Premium <del>x neurology practice debit, if applicable</del>
OF	= Occurrence Factor, if applicable
ILF	= Increased Limits Factor
CMSF	= Claims Made Step Factor, if applicable
DF	= Discount Factor = ( 1 - sum of all applicable credits)
SRF	= Schedule Rating Factor = (1 – sum of all debits/credits)
DCP	= Premium for Defense Costs Related to Licensing Board Investigations

#### 1. Base Premium

Base premium is for mature claims made for \$1,000,000/\$3,000,000 limit per practitioner. This premium is for coverage A (Psychiatrists' Professional Liability) and coverage B (Premises Liability).

Addendum A displays the Base Rates for the state and territories within the state.

#### 2. Occurrence Factor

For occurrence based forms, apply a factor of 1.110.

#### 3. Increased Limits Factors

Apply the increased limit factor based on applicable limit of liability. The base premium contemplates \$1,000,000 each claim and \$3,000,000 aggregate for the policy period.

Limit	Increased Limit Factor
100,000 / 300,000	0.670
200,000 / 600,000	0.750
250,000 / 750,000	0.770
300,000 / 900,000	0.800
400,000 / 1.2M	0.850
500,000 / 1.5M	0.950
1M / 1M	0.970
1M / 3M	1.000
2M / 4M	1.250

**Darwin National Assurance Company**  
**Psychiatrist Professional and Office General Business Liability Insurance**

2M / 6M	1.280
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**4. Claims Made Step Factors**

Apply the appropriate Claims Made Step Factor based on the retroactive date of the policy. The Step Year is calculated as:

$$\text{Step Year} = ( \text{Expiration date} - \text{Retroactive date} ) / 365, \\ \text{rounded to nearest whole year}$$

Step Year	Claims Made Step Factor
1	0.50 <sub>.35</sub>
2	0.75 <sub>.65</sub>
3	0.85
4	0.95
5+	1.00

**5. Program Discounts**

- A. Child and Adolescent Psychiatry – a 15% discount is available for members of the American Academy of Child & Adolescent Psychiatry psychiatrists whose patient base is less than 50% adult psychiatry.
- B. Part time discount – a part time discount of 50% is available to an insured who works 20 hours or less per week or 26 weeks or less per year.
- C. A prep discount is available to those psychiatrists entering private practice for the first time who purchase a policy within 3 years upon completing an internship program, fellowship program, residency program or military service. The applicable prep discount is based on the number of years since the psychiatrist completed the program or service as follows:
  - 50% - less than one year
  - 35% - one year to less than 2 years
  - 25% - 2 years to less than 3 years
  - 0% - 3 years or greater
- D. Member in Training (MIT) discount – a discount of 50% is available to an insured who has been classified as an MIT by the American Psychiatric Association.

Note: Only one of B., C., or D. above may apply to an insured.

- E. A Risk Management Seminar discount of 5% is available for completion of courses that are approved by the Company.

**Darwin National Assurance Company**  
**Psychiatrist Professional and ~~Office~~ General Business Liability Insurance**

- F. New Business – 10% credit for each insured applying for a policy for the first time with the Company provided the insured has been claims-free for 6 months.

**6. Neurology Practice Debit**

- Without Special Procedures                      2 X Psychiatrist Base Premium
- With Special Procedures                      4 X Psychiatrist Base Premium

**7. Defense Costs Related to Licensing Board Investigations**

Defense costs of licensing board investigations or proceedings are covered by the policy for a limit of \$5,000 for no charge. Additional limits are available for additional premiums as follows:

Limit	Additional Premium
\$10,000	\$75
\$25,000	\$95
<u>\$50,000</u>	<u>\$110</u>

**8. Schedule Rating Plan**

- A. Claim free for more than 10 years – 10% credit
- B. Practice Setting – 10% credit to 25% debit
  - 1. Detention facilities
  - 2. Patient recruitment
  - 3. Home based practice
  - 4. Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting
  - 5. Clinical teaching activities exceed 50% of total practice time
- C. Nature and Scope of Practice – 25% debit
  - 1. Treatment of borderline personalities and multiple personality disorders
  - 2. Treatment of pain management
  - 3. Use of abreaction, rage; sodium amytal, sex and recovered memory therapies
  - 4. Supervision of /Consultation with professionals in 1,2 and 3 above
  - 5. Above average daily patient volume
  - 6. Failure to conduct initial patient interview before prescribing medications – decline/nonrenew
  - 7. Pharmaceutical research - decline
  - 8. General medicine – refer to Company for rating/underwriting
  - 9. Adverse risk not contemplated in the base rate – refer to Company for rating/underwriting
- D. General Factors – 25% debit

**Darwin National Assurance Company**  
**Psychiatrist Professional and ~~Office~~General Business Liability Insurance**

1. Hospital staff privileges
2. Managed care network participation
3. Loss experience/history

**B. GROUP ACCOUNTS**

Medical groups that are professional corporations, partnerships or associations operated by behavioral healthcare professionals are rated as follows.

Each psychiatrist insured is rated in accordance with the individual program rules and rates above. Additional premium is charged for certain ancillary employees as noted below. An entity charge is then applied to the total premium for all psychiatrists and ancillary employees. The total premium for the medical group is the sum of the individual psychiatrist premiums, the ancillary employee premiums and the entity charge.

**1. Ancillaries**

Coverage for ancillary employees is provided at no charge, except for the following. The percentages apply to the appropriate psychiatrist premiums.

	Shared Limit	Separate Limit
Psychologists	20%	25%
Physician Assistants	20%	25%
Certified Nurse Practitioners	20%	25%

**2. Business Entity Charge**

When a group of two or more psychiatrists have formed a corporation, partnership or association, business entity coverage is available on a shared limit basis for an additional 10% of the total premium for all psychiatrists and ancillary employees.

Darwin National Assurance Company  
Psychiatrist Professional and Office Liability

Effective: 10/1/2004  
State: Illinois

Territory: 4 Cook, DuPage, Kane, Lake, McHenry, Madison, St. Clair, Will Counties

Limit

Claims Made

Year	\$500,000/\$1,000,000	\$1,000,000/\$1,000,000	\$1,000,000/\$3,000,000
1	\$8,550	\$8,730	\$9,000
2	\$12,825	\$13,095	\$13,500
3	\$14,535	\$14,841	\$15,300
4	\$16,245	\$16,587	\$17,100
5+	\$17,100	\$17,460	\$18,000

Territory: 2 Champaign, Jackson, Macon, Sangamon, Vermillion Counties

Limit

Claims Made

Year	\$500,000/\$1,000,000	\$1,000,000/\$1,000,000	\$1,000,000/\$3,000,000
1	\$5,985	\$6,111	\$6,300
2	\$8,978	\$9,167	\$9,450
3	\$10,175	\$10,389	\$10,710
4	\$11,372	\$11,611	\$11,970
5+	\$11,970	\$12,222	\$12,600

Territory: 3 Remainder of State

Limit

Claims Made

Year	\$500,000/\$1,000,000	\$1,000,000/\$1,000,000	\$1,000,000/\$3,000,000
1	\$4,275	\$4,365	\$4,500
2	\$6,413	\$6,548	\$6,750
3	\$7,268	\$7,421	\$7,650
4	\$8,123	\$8,294	\$8,550
5+	\$8,550	\$8,730	\$9,000

Darwin National Assurance Company  
Psychiatrists Professional and General Business Liability

Addendum A - 1M/3M Fully Mature Claims-Made Base Rates  
Illinois

Territory 1: Cook, DuPage, Kane, Lake, McHenry, Madison, St. Clair, Will Counties

18,000

Territory 2: Champaign, Jackson, Macon, Sangamon, Vermillion Counties

12,600

Territory 3: Remainder of State

9,000



## Neuman, Gayle

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**From:** Wes Pohler [Wes@westmontlaw.com]  
**Sent:** Monday, August 30, 2010 1:41 PM  
**To:** Neuman, Gayle  
**Cc:** 'Mourad, Marlene F'  
**Subject:** RE: Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R  
**Attachments:** APA 00016 00 Psychiatrists Supplemental Application - Neurology With Procedures.doc

Thank you Gayle for your help.

With regard to your latest question, please see the following reply from the Company:

“Psychiatry and neurology are recognized as two distinct medical specialties and usually treat different medical conditions for different patient populations. The base policy form is specifically designed for psychiatrists and the definition of “Professional Services” does not include neurology. Base rates were established on the basis of excluding neurology. However, occasionally a psychiatrist will have additional training and certification in the field of neurology and conduct practice in that specialty (as disclosed in the main application, question 7.b.) – in which case the neurology rating factors are applied to recognize the difference in risk class.

If a psychiatrist practices neurology and seeks coverage for neurological procedures (as disclosed in the main application, question 7.b.), the supplemental application for Neurology With Procedures is completed. The various types of procedures are listed in that supplemental application’s question 2.a. and 2.b. (described in the rating plan as “special procedures”). For such procedures, coverage is provided by endorsement only for those diagnostic and therapeutic procedures disclosed in that supplemental application.”

Also, we have attached the supplemental application referenced in the above explanation so you can easily reference the list of procedures.

Please let us know if you have any additional questions.

Take care,

Wes

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, August 30, 2010 11:38 AM  
**To:** Wes Pohler  
**Subject:** Darwin National Assurance Company - Rate/Rule Filing #2010-7010-R

Wes,

I have one follow-up question on this filing.

On page 6 under the Neurology Practice Debit, at first this appeared to be some type of rating element – however it states the neurologist will be charged a minimum of \$36,000. Are you writing coverage for neurologists too? Please provide the company’s definition of “special procedures”.

I request receipt of your response by September 1, 2010.

**Gayle Neuman**

Illinois Department of Insurance

Property & Casualty Compliance

(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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Darwin National Assurance Company ("Insurer")

Return to:  
American Professional Agency, Inc.  
95 Broadway, Amityville, NY 11701  
(631) 691-6400 • (800) 421-6694

**SUPPLEMENTAL APPLICATION FOR PSYCHIATRISTS' PROFESSIONAL AND  
BUSINESS LIABILITY INSURANCE COVERAGE**

***NEUROLOGY WITH PROCEDURES***

- This Supplemental Application must be completed in full, including all required attachments. Write "None" if that applies.
- Attach a separate sheet of paper if more space is needed to answer any question.
- We treat all Applications as confidential. If additional assurances of confidentiality are required, we are willing to address the Applicant's needs.

**PLEASE READ THE ENTIRE APPLICATION CAREFULLY BEFORE SIGNING.**

**I. GENERAL INFORMATION**

1. Name of Applicant: \_\_\_\_\_ Policy #: \_\_\_\_\_

**II. NEUROLOGICAL PROCEDURES INFORMATION**

2. Please indicate below all diagnostic and therapeutic neurological procedures that you perform and for which coverage is sought under this Policy:

a. Diagnostic Neurological Procedures Performed:

<i>Type of Procedure</i>		<i>Performed?</i>		<i>If Yes, how often?</i> (# per year)
(i)	Lumbar puncture	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(ii)	edrophonium testing	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(iii)	ICP monitoring	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(iv)	Radiological studies, including: plain films, myelography, angiography, CT, isotope PET or SPECT or MRI	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(v)	Electroencephalography or Magnetoencephalography	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(vi)	Evoked Potentials	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(vii)	Polysomnography	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(viii)	Autonomic Function Testing	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(ix)	Electronystagmogram	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

(x)	Audiometry	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xi)	Perimetry	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xii)	CSF Analysis	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xiii)	Imaging with Ultrasound (Duplex, Transcranial Doppler)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xiv)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xv)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xvi)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

b. Therapeutic Neurological Procedures Performed:

<i>Type of Procedure</i>		<i>Performed?</i>		<i>If Yes, how often? (# per year)</i>
(i)	Endovascular embolization, including use of coil, balloon, stent or microcatheter	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(ii)	Surgical clipping	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(iii)	rtPA or other IV/IA thrombolytic treatment	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(iv)	Use of devices for treatment of stroke, including snares, balloon/stents, Angiojets, Neurojets, or other mechanical, photonic / acoustic clot retrieval / emulsification devices	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(v)	Carotid endarterectomy	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(vi)	Percutaneous transluminal angioplasty (PTA)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(vii)	Intra-arterial papaverine injection	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(viii)	Transcranial Magnetic Stimulation (TMS or rTMS) or Deep Brain Stimulation (DBS)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(ix)	Vagus Nerve Stimulation	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(x)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xi)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(xii)	Other (list):	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Note: Any and all of the above procedures are subject to review and underwriting approval according to the Insurer's underwriting guidelines. This list does not provide any guidance regarding coverage that may or may not be available under the Policy as respects any claim. Actual coverage may vary and is subject to policy language as issued. Please refer to the actual policy form for all applicable terms and conditions. Not all procedures listed above may be eligible for coverage.

### III. NOTICE TO APPLICANT

APPLICANT UNDERSTANDS THAT THE INFORMATION SUBMITTED IN THIS SUPPLEMENTAL APPLICATION BECOMES A PART OF THE APPLICANT'S APPLICATION FOR PSYCHIATRISTS' PROFESSIONAL AND BUSINESS LIABILITY INSURANCE COVERAGE AND IS SUBJECT TO THE SAME NOTICES, REPRESENTATIONS AND CONDITIONS SET FORTH IN SUCH APPLICATION.

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#### IV. DECLARATION AND SIGNATURE

I UNDERSTAND THAT IT IS MY OBLIGATION TO MAINTAIN ANY LICENSE REQUIRED IN THE JURISDICTION(S) IN WHICH I PRACTICE.

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_  
(Applicant/Owner/President of Corporation)

Date: \_\_\_\_\_

Supplemental Application must be signed, dated, fully completed and accompanied by the premium to be considered.

Program Administrator:  
**AMERICAN PROFESSIONAL AGENCY, INC.**  
**95 Broadway, Amityville, NY 11701**  
**(631) 691-6400 • (800) 421-6694**  
[www.americanprofessional.com](http://www.americanprofessional.com)

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability Insurance**

**B. GROUP ACCOUNTS**

Medical groups that are professional corporations, partnerships or associations operated by behavioral healthcare professionals are rated as follows.

Each psychiatrist insured is rated in accordance with the individual program rules and rates above. Additional premium is charged for certain ancillary employees as noted below. An entity charge is then applied to the total premium for all psychiatrists and ancillary employees. The total premium for the medical group is the sum of the individual psychiatrist premiums, the ancillary employee premiums and the entity charge.

**1. Ancillaries**

Coverage for ancillary employees is provided at no charge, except for the following. The percentages apply to the appropriate psychiatrist premiums.

	Shared Limit	Separate Limit
Psychologists	20%	25%
Physician Assistants	20%	25%
Certified Nurse Practitioners	20%	25%

**2. Business Entity Charge**

When a group of two or more psychiatrists have formed a corporation, partnership or association, business entity coverage is available on a shared limit basis for an additional 10% of the total premium for all psychiatrists and ancillary employees.

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability Insurance**

## **General Rating Rules**

This rating plan contains the rules, rates and rating procedures for the Psychiatrist Professional and General Business Liability program.

### **1. Eligibility**

Eligibility for our Psychiatrist Professional Liability program requires an MD with training in the field of psychiatry as well as full licensure in the state(s) in which you are practicing.

### **2. Rates**

All rates in this rating plan are annual rates unless otherwise noted, and shall be pro rata for a policy term if other than annual. All factors or modifiers are multiplicative unless otherwise noted. Refer to Addendum A for base rates and territorial definitions for this state.

Compute the premium using the rates in effect on the policy effective date.

### **3. Rounding Procedures**

Round the final premium to the nearest dollar. Round a premium involving \$0.50 or more to the next higher whole dollar. Thus, \$10,000.50 = 10,001.00; \$10,000.49 = \$10,000.00

### **4. Additional Premium Changes**

- A. Apply the rates and rules in effect on the effective date of the change.
- B. Compute additional premium pro rata when any coverage or exposure is added or an amount of insurance is increased.

### **5. Return Premium Changes**

- A. Apply the rates and rules in effect on the effective date of the change.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is decreased.

### **6. Policy Cancellation**

- a) Compute return premiums as the pro rata unearned premium when:
  - 1) A policy is cancelled by the Company;
  - 2) The insured company no longer has a financial or insurable interest;or,

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NOV 04 2010

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability Insurance**

- 3) A policy is cancelled and rewritten.
- b) If the above rule does not apply, compute return premium at 0.90 of the pro rata unearned premium.

**7. Extended Reporting Period**

Extended reporting period coverage will be granted upon request for an additional premium calculated by multiplying the following percentages by the premium for the last expiring policy.

# of Years of Extended Reporting	Charge
Unlimited	200%

Extended reporting period coverage will be granted upon request for no additional premium in the event of:

- A. The death of the named insured while his/her policy is in force
- B. The total and permanent disability of the named insured when the disability commences while the policy is in force.
- C. Retirement of the named insured if they have permanently retired from the practice of medicine, is at least 55 years of age, and has been continuously insured with the Company for at least 5 years. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.
- D. An account continuously insured with the Company for at least 10 years and with no prior claims during that period. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.

**8. Locum Tenens**

A Locum Tenens ("holds the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. Coverage for Locum

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**Psychiatrist Professional and General Business Liability Insurance**

Tenens is provided for a maximum total of 45 days each policy year at no additional premium.

**9. Suspension of Insurance**

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

The charge during the suspension period is 50% of the claims made rate. If the Named Insured does not return to practice after the period of suspension, the Company will date the cancellation and calculate the premium for the Extended Reporting Period Endorsement effective from the beginning of the period of suspension.

**10. Quarterly Payments**

Quarterly payments are available for annual premium that is at least \$500. The first payment is 35% of the total, with 3 equal remaining quarterly payments, due no earlier than 3, 6, and 9 months from policy inception.

An additional service charge of 1% of the total premium or \$5.00 for each of the 3 remaining quarterly payments, whichever is less, is billed.

Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**Darwin National Assurance Company**  
**Psychiatrist Professional and General Business Liability Insurance**

## **Rating Formula and Factors**

### **A. INDIVIDUALS**

The premium for an individual psychiatrist is rated in accordance with the following plan.

Psychiatrist Professional and General Business Liability coverage is rated in accordance with the following formula:

$$AP = \{ BP \times OF \times ILF \times CMSF \times DF \times SRF \} + DCP, \text{ where:}$$

<i>AP</i>	= Annual Premium for Healthcare Organizations
<i>BP</i>	= Base Premium x neurology practice debit, if applicable
<i>OF</i>	= Occurrence Factor, if applicable
<i>ILF</i>	= Increased Limits Factor
<i>CMSF</i>	= Claims Made Step Factor, if applicable
<i>DF</i>	= Discount Factor = (1 - sum of all applicable credits)
<i>SRF</i>	= Schedule Rating Factor = (1 - sum of all debits/credits)
<i>DCP</i>	= Premium for Defense Costs Related to Licensing Board Investigations

#### **1. Base Premium**

Base premium is for mature claims made for \$1,000,000/\$3,000,000 limit per practitioner. This premium is for coverage A (Psychiatrists' Professional Liability) and coverage B (Premises Liability).

Addendum A displays the Base Rates for the territories within the state.

#### **2. Occurrence Factor**

For occurrence based forms, apply a factor of 1.110.

#### **3. Increased Limits Factors**

Apply the increased limit factor based on applicable limit of liability. The base premium contemplates \$1,000,000 each claim and \$3,000,000 aggregate for the policy period.

Limit	Increased Limit Factor
100,000 / 300,000	0.670
200,000 / 600,000	0.750
250,000 / 750,000	0.770
300,000 / 900,000	0.800
400,000 / 1.2M	0.850
500,000 / 1.5M	0.950
1M / 1M	0.970
1M / 3M	1.000
2M / 4M	1.250
2M / 6M	1.280

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**Psychiatrist Professional and General Business Liability Insurance**

**4. Claims Made Step Factors**

Apply the appropriate Claims Made Step Factor based on the retroactive date of the policy. The Step Year is calculated as:

$$\text{Step Year} = ( \text{Expiration date} - \text{Retroactive date} ) / 365, \\ \text{rounded to nearest whole year}$$

Step Year	Claims Made Step Factor
1	0.35
2	0.65
3	0.85
4	0.95
5+	1.00

**5. Program Discounts**

- A. Child and Adolescent Psychiatry – a 15% discount is available for psychiatrists whose patient base is less than 50% adult psychiatry.
- B. Part time discount – a part time discount of 50% is available to an insured who works 20 hours or less per week or 26 weeks or less per year.
- C. A prep discount is available to those psychiatrists entering private practice for the first time who purchase a policy within 3 years upon completing an internship program, fellowship program, residency program or military service. The applicable prep discount is based on the number of years since the psychiatrist completed the program or service as follows:
  - 50% - less than one year
  - 35% - one year to less than 2 years
  - 25% - 2 years to less than 3 years
  - 0% - 3 years or greater
- D. Member in Training (MIT) discount – a discount of 50% is available to an insured who has been classified as an MIT by the American Psychiatric Association.

*Note: Only one of B., C., or D. above may apply to an insured.*

- E. A Risk Management Seminar discount of 5% is available for completion of courses that are approved by the Company.
- F. New Business – 10% credit for each insured applying for a policy for the first time with the Company provided the insured has been claims-free for 6 months.

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**Psychiatrist Professional and General Business Liability Insurance**

**6. Neurology Practice Debit**

- Without Special Procedures                      2 X Psychiatrist Base Premium
- With Special Procedures                              4 X Psychiatrist Base Premium

**7. Defense Costs Related to Licensing Board Investigations**

Defense costs of licensing board investigations or proceedings are covered by the policy for a limit of \$5,000 for no charge. Additional limits are available for additional premiums as follows:

Limit	Additional Premium
\$10,000	\$75
\$25,000	\$95
\$50,000	\$110

**8. Schedule Rating Plan**

- A. Claim free for more than 10 years – 10% credit
- B. Practice Setting – 10% credit to 25% debit
  - 1. Detention facilities
  - 2. Patient recruitment
  - 3. Home based practice
  - 4. Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting
  - 5. Clinical teaching activities exceed 50% of total practice time
- C. Nature and Scope of Practice – 25% debit
  - 1. Treatment of borderline personalities and multiple personality disorders
  - 2. Treatment of pain management
  - 3. Use of abreaction, rage; sodium amytal, sex and recovered memory therapies
  - 4. Supervision of /Consultation with professionals in 1,2 and 3 above
  - 5. Above average daily patient volume
  - 6. Failure to conduct initial patient interview before prescribing medications – decline/nonrenew
  - 7. Pharmaceutical research - decline
  - 8. General medicine – refer to Company for rating/underwriting
  - 9. Adverse risk not contemplated in the base rate – refer to Company for rating/underwriting
- D. General Factors – 25% debit
  - 1. Hospital staff privileges
  - 2. Managed care network participation
  - 3. Loss experience/history

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**Psychiatrist Professional and General Business Liability Insurance**

*The maximum schedule rating adjustment is +/- 25%.*

**B. GROUP ACCOUNTS**

Medical groups that are professional corporations, partnerships or associations operated by behavioral healthcare professionals are rated as follows.

Each psychiatrist insured is rated in accordance with the individual program rules and rates above. Additional premium is charged for certain ancillary employees as noted below. An entity charge is then applied to the total premium for all psychiatrists and ancillary employees. The total premium for the medical group is the sum of the individual psychiatrist premiums, the ancillary employee premiums and the entity charge.

**1. Ancillaries**

Coverage for ancillary employees is provided at no charge, except for the following. The percentages apply to the appropriate psychiatrist premiums.

	Shared Limit	Separate Limit
Psychologists	20%	25%
Physician Assistants	20%	25%
Certified Nurse Practitioners	20%	25%

**2. Business Entity Charge**

When a group of two or more psychiatrists have formed a corporation, partnership or association, business entity coverage is available on a shared limit basis for an additional 10% of the total premium for all psychiatrists and ancillary employees.

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NOV 04 2010

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

Darwin National Assurance Company  
Psychiatrists Professional and General Business Liability  
Addendum A - 1M/3M Fully Mature Claims-Made Base Rates  
Illinois

Territory 1: Cook, DuPage, Kane, Lake, McHenry, Madison, St. Clair, Will Counties

18,000

Territory 2: Champaign, Jackson, Macon, Sangamon, Vermillion Counties

12,600

Territory 3: Remainder of State

9,000

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NOV 04 2010

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